

Chapter 2

Operation Safe Home

Operation Safe Home will soon enter its sixth year. Since February 1994, Safe Home has focused OIG efforts on violent crime in public and assisted housing, fraud in public housing administration, and equity skimming in multifamily insured housing.

Operation Safe Home is a long-term commitment on the part of the OIG to improving the quality of life for residents of HUD assisted housing. Our goals are reductions in crime rates; safer environments; and better physical conditions as HUD money is used for its intended purposes, rather than being illegally siphoned off.

The following reflects the activity, by state, for each of the three areas under Operation Safe Home.



Violent Crime in Public and Assisted Housing

As part of Operation Safe Home, the OIG has been combatting violent crime in public and assisted housing for nearly 6 years. We have reported many successes in the war against violent crime, including an overall improved quality of life for many residents. We also continue to provide witness relocation services, enabling witnesses to crime in public and assisted housing to testify against criminals and still remain safe from harm.

Our efforts to combat violent crime in public and assisted housing are undertaken in coordination with various federal, state, and local law enforcement task forces. In addition to law enforcement personnel from states, counties, cities, and housing authorities, the following federal agencies are primary partners in Operation Safe Home: the Federal Bureau of Investigation (FBI), the Drug Enforcement Administration (DEA), the Bureau of Alcohol, Tobacco, and Firearms (ATF), the U.S. Secret Service (USSS), the U.S. Marshals Service (USMS), the U.S. Postal Inspection Service (USPS), the U.S. Customs Service (USCS), the Immigration and Naturalization Service (INS), the Internal Revenue Service (IRS), and the Department of Justice (DOJ).

Examples of task force operations during this reporting period are presented below by state.

Summary of Results

| Activity | Current Reporting Period | Cumulative to Date |
|---------------------------------|--------------------------|--------------------|
| Arrested | 1,303 | 18,684 |
| Seized: Weapons ¹ | 265 | 2,693 |
| Cash | \$1,868,125 | \$7,089,444 |
| Drugs ² | \$2,672,180 | \$39,298,753 |
| Search Warrants | 228 | 2,320 |

1 Includes 21 shotguns and assault weapons seized during this reporting period, for a total of 267 to date.

2 Estimate based on measurable quantities.

Law Enforcement Task Forces

California

In **Los Angeles**, 60 individuals were arrested and 50 weapons, including assault rifles and a grenade, were seized following operations by the Los Angeles Metropolitan Task Force on Violent Crime. Charges against these individuals, who were arrested in several public housing developments, include murder, attempted murder, robbery, outstanding felony arrest warrants, the sale of cocaine, assault with a deadly weapon, parole violations, possession of concealed firearms, burglary, being a felon in possession of a firearm, and grand theft auto. The arrested individuals are known to be members of the *Big Hazard*, *Varrio Nuevo Estrada Courts*, *Cuatro Flats*, *East Los Angeles Thirteen*, *Primera Flats*, *White Fence*, *8th Street*, *Project Boyz*, *Trece*, *Criminals*, *Mexican Mafia*,

Southside, and *San Fers* gangs. These gangs are believed to be responsible for the illegal drug activity and associated violence within these developments.

In one operation, the Task Force arrested an individual near the San Fernando Gardens public housing development. The individual was arrested pursuant to a federal Racketeering Influenced and Corrupt Organizations Act (RICO) indictment. The indictment was one of three federal indictments which charged 30 people, all alleged members of the *Mexican Mafia*, with responsibility for 4 murders, 3 attempted murders, 13 conspiracies to commit murder, 2 conspiracies to distribute controlled substances, a robbery, a robbery conspiracy, and an extortion conspiracy. The RICO indictments allege that the *Mexican Mafia* has attempted to organize Hispanic street gangs throughout Southern California in an effort to control narcotics trafficking in this area. The indictments also allege that the *Mexican Mafia* requires the street gangs to pay a “tax,” which is money in return for being allowed to sell narcotics within a specific neighborhood. If this “tax” is not paid, *Mexican Mafia* members will assault or murder members of the gangs. In addition, the indictments allege that *Mexican Mafia* members conspired to murder members of the *Project Boyz* gang for failure to pay the “tax,” and attempted to arrange a murder in the Estrada Courts public housing development.

This Task Force is made up of the FBI, OIG, Los Angeles Police Department, Los Angeles Sheriff’s Department, and the California Department of Corrections.

Sixty-six individuals were arrested following Safe Home efforts by the DEA, ATF, OIG, and **San Francisco** Police Department’s Narcotics Bureau Special Investigations Division. These efforts were focused on the FHA insured/HUD subsidized Marcus Garvey/Martin Luther King complex and the Freedom West and Sunnysdale HUD subsidized developments. Two of the individuals arrested at the Marcus Garvey/Martin Luther King complex will face federal charges for possession of weapons and illegal narcotics. The law enforcement effort at this complex began in early 1998 following numerous complaints from residents and neighbors about the illegal narcotics sales and random gunfire perpetrated by members of a gang called the *Knock Out Posse*. The operation resulted in the identification of 107 individuals who were associated with the *Knock Out Posse*. In total, this effort netted over 605 grams of cocaine, 504 grams of marijuana, 2 ounces and 1 loaded syringe of heroin, 3 ounces of methamphetamine, 7 weapons, including a MAC-11 assault weapon, \$18,000 in cash, 4 cellular telephones, and drug paraphernalia.

Colorado

After receiving information regarding the robbery of a fast food restaurant in **Pueblo**, OIG Agents executed a search warrant at a public housing unit in the Sangre De Cristo complex. A resident was arrested, pled guilty to robbery, and was sentenced to 4 years incarceration. After the suspect robbed the restaurant and threatened an employee with a homemade firearm, he stole over \$2,000 in cash and checks and then fled to the public housing unit that he shared with his girlfriend. Another individual living in the Sangre De Cristo complex was also arrested in connection with the robbery and was subsequently sentenced to 2 years incarceration; all three have been evicted.

A Section 8 resident in **Denver** provided information to the OIG Safe Home Task Force that a known drug trafficker in the area had inquired about purchasing 5 kilos of cocaine. OIG and local law enforcement set up a reverse sting operation and arrested the individual. During the arrest, Agents and Officers confiscated \$75,000 that the individual was going to use to complete the transaction. The individual then consented to a search of his residence; an additional \$3,000 in cash and 1 pound of methamphetamine were recovered.

Connecticut

The Federal Gang Task Force continued to be active in the **Hartford** area. During this reporting period, the Task Force arrested 25 people and confiscated 125 bags of heroin, 55 bags of marijuana, 10 grams of cocaine, and over \$24,000 in cash. Recent efforts include “Operation Sand Storm,” an investigation that involved a heroin operation run out of the Sands, a privately owned Section 8 development, and an effort undertaken as part of a “Weed Out Weapons” Program that focused on firearms violations in and around the Stowe Village public housing development. Those arrested by Task Force members during the past 6 months have been charged with, among other things, homicide, possession of narcotics, possession with intent to sell, possession of narcotics within 1,000 feet of a school, conspiracy to possess with intent to distribute heroin, criminal trespass, aiding and abetting, and outstanding warrants. This Task Force includes the FBI, ATF, OIG, Connecticut State Police, Hartford, East Hartford, and Meriden Police Departments, and the Connecticut Department of Corrections.

In **New London**, 36 individuals were arrested on charges including sale of narcotics to an undercover officer, criminal attempt to purchase narcotics, possession of narcotics, possession of a controlled substance, and larceny. The arrests followed the execution of several search and arrest warrants in densely populated Section 8 neighborhoods by the OIG, ATF, Connecticut State Police, New London and Norwich Police Departments, and Inspectors from the Chief State’s Attorney’s Office. During the execution of 14 search warrants, 10 bags of heroin, 1 ounce of marijuana, a 12-gauge sawed-off shotgun, a pistol, over \$9,000 in cash, and gang related records were confiscated.

District of Columbia

Washington, DC, continued to reap the benefits of Operation Safe Home during this reporting period. OIG, DEA, and the Metropolitan Police Department’s (MPD’s) Special Investigation Division, Gun Recovery Unit, Vice/Narcotics Unit, and Major Narcotics Branch combined forces making a total of 38 arrests and the seizing of 370 grams of cocaine, 88 grams of heroin, over 1,000 grams of marijuana, 7 grams of PCP, 11 weapons, a bullet proof vest, ammunition, over \$11,000 in cash, and drug paraphernalia and documents. The drugs seized were worth in excess of \$20,000. One operation included street level enforcement activities and focused on a known open air drug market located in/around public housing. Another targeted the main drug distributor for nearby public housing developments. Other operations included undercover drug buys made from public housing units, surveillance, and jump-outs.

Efforts by another Task Force, including the FBI Safe Streets Unit, OIG, and MPD, also continued this period. In total, the Task Force arrested 5 individuals in

public housing developments and confiscated about 40 grams of heroin, 20 grams of marijuana, 109 grams of cocaine, \$300 in cash, 7 weapons, including a loaded Tec-9 assault weapon, ammunition, a bullet proof vest, and a silencer.

Florida

As a result of operations by OIG and the **Bunnell** Police Department, 19 individuals were indicted for selling drugs at Flager County public housing developments. Twelve of the individuals were public housing residents and will be evicted under the “One Strike and You’re Out” policy. The indictments followed a 2-month investigation and drug purchases made by undercover Agents from individuals selling crack cocaine in the developments. Twelve of the 19 individuals have been arrested.

In **Jacksonville**, Officers from the Florida State Attorney’s Office and OIG Agents arrested an individual who had been indicted in Burlington, NC, for possession with intent to distribute and conspiracy to distribute 86 grams of crack cocaine to undercover Police Officers. The defendant was one of ten individuals who were previously indicted for selling drugs and weapons in Burlington public housing developments. At the time of arrest, the defendant possessed 4 grams of marijuana. In addition to being arrested for the outstanding warrant, she was also charged with possession of the marijuana; she was remanded to the Jacksonville Detention Facility and held without bail pending an extradition hearing.

Georgia

The Organized Crime Drug Enforcement Task Force (OCDETF) was active in **Gainesville** during this reporting period. A total of seven people were sentenced, three were indicted, and one pled guilty. Charges included selling methamphetamine, cocaine, and weapons in and near public housing developments. Sentences totaled over 35 years in prison and 28 years supervised release, and fines and restitution amounted to \$14,000 and \$5,700, respectively. The three individuals indicted were associated with the *Brown Society Vatos Hispanic* gang. This Task Force is made up of the FBI, ATF, INS, OIG, Hall County Sheriff’s Office, and the Gainesville Police Department.

In **Atlanta**, OIG and the USMS arrested an individual who was wanted as a federal fugitive in Mississippi. The individual was one of the 35 who were indicted in December 1998 as the result of a Safe Home operation conducted by OIG, the Mississippi Bureau of Narcotics, and the Jackson Police Department. The 35 were charged with selling drugs in the Jackson Apartments, a HUD subsidized complex.

Hawaii

Six individuals were sentenced in **Honolulu** following their July 1998 arrests for selling narcotics in and around the Mayor Wright public housing complex. Their cumulative sentences totaled 9 years and 5 months in prison and 36 years supervised release. All were charged and convicted under federal statute for selling narcotics within 1,000 feet of public housing. The convictions resulted from a Weed and Seed/Safe Home operation conducted by the Honolulu Police Department with assistance from the OIG, FBI, and DEA.

Illinois

The “Stormy Monday” Task Force, including the Chicago Housing Authority Police Department and OIG, operates in and around **Chicago**. During this

period, the Task Force conducted a number of successful operations. In one effort, Task Force members executed a search warrant at the LeClaire Courts public housing complex. Six individuals were arrested for possession of a controlled substance, unlawful use of a weapon, obstruction of justice, and criminal trespass. One loaded handgun, 8 grams of crack cocaine, and \$200 in cash were confiscated. In another effort, nine individuals were arrested after the Task Force conducted a buy/bust drug operation in the Rockwell Gardens public housing development. Twenty-three baggies of crack cocaine, weighing 3 grams, were also confiscated.

In **Rockford**, the SLANT (State Line Area Narcotics Team) Task Force arrested a total of 17 individuals and seized over 600 grams of crack cocaine, 6 grams of marijuana, 1 weapon, and \$6,477 in cash at various public housing developments. In one buy/bust operation, the Task Force arrested a mid-level narcotics dealer. In another operation, the Task Force executed a search warrant at a heroin supply house. The house is controlled by the *Vice Lords* gang and is used to bag heroin to be sold at the Concord Commons public housing development. The Task Force also executed two search warrants at crack cocaine houses known to supply the Fairgrounds Valley public housing development. This Task Force is made up of OIG, the Illinois State Police SLANT Unit, and Rockford Police Department Housing Officers.

The Ford Heights Task Force continued its efforts during this period. As part of “Operation Clean Sweep,” the Task Force conducted a reverse narcotics sting operation in a high drug trafficking area located near the John Mackler Homes, Sunrise Apartments, and Daniel P. Bergan Homes public housing developments in **Chicago Heights** and the Wentworth Gardens Section 8 development in **Ford Heights**. The operation resulted in the arrest of 90 individuals on a variety of outstanding warrants and drug charges and the impoundment of 51 vehicles. Among those arrested, as they were attempting to purchase drugs, were a Northwest Indiana Police Officer, a firefighter, a nurse, and a mother with children in her vehicle. This Task Force is composed of Officers and Agents of the Cook County Sheriff’s Police, OIG, DEA, the South Suburban Gang Initiative, and the Chicago Heights Police Department.

Indiana

Eric Frazier was sentenced to a term of life imprisonment for his role as second in command of a drug distribution organization that operated primarily in the Delaney public housing complex in **Gary**. The sentence resulted from Frazier’s role in the distribution of crack cocaine, collection of drug proceeds, and commission of perjury during trial testimony. He and other members of the organization were previously indicted following efforts by the Northwest Indiana Violent Crime Task Force, including the DEA, ATF, OIG, IRS Criminal Investigation Division, the Gary, Hammond, and Portage Police Departments, and the Lake County Sheriff’s Department.

Kansas

In **Topeka**, the Safe Home Task Force, consisting of OIG, the Kansas Bureau of Investigation, and the Topeka Police Department’s Public Housing Unit, continued to address violence and drugs in public and assisted housing. Efforts by the Task Force this period resulted in 5 arrests, 2 guilty pleas, sentencings

totaling nearly 30 years in prison and 6 years supervised release, and the seizure of \$180,000 in cash. In one effort, the Task Force arrested three individuals on murder and weapons charges at the Western Plaza public housing complex. The murder was drug related.

As a result of another effort, Walter Austin pled guilty to two counts of simple possession. The plea followed a Task Force operation in June 1998 during which 21 individuals were arrested for narcotics distribution, aggravated burglaries, and counterfeiting in public housing. In addition, four individuals received “ban and bar” notices, barring them from public housing premises in Topeka due to their past criminal activity.

In honor of Dr. Martin Luther King, the City of **Topeka** conducted a “Stop the Violence” workshop at the Abbott Community Center. The OIG Kansas City Office of Investigation received the Dr. Martin Luther King Community Service Award during the day’s events. The award, presented by the East Topeka South Neighborhood Improvement Association, recognized OIG’s outstanding service to the communities and citizens of Topeka, along with the numerous community activities OIG developed, participated in, and sponsored.

Kentucky

A Task Force made up of the OIG, **Springfield, Lebanon, and Campbellsville** Police Departments, Taylor and Marion County Sheriff’s Department, Marshals Service, and the Kentucky State Patrol was very active during this period. In one of the more significant cases, 54 individuals were indicted for selling drugs in public housing developments following the execution of arrest warrants. This investigation was initiated at the request of the HUD Kentucky State Office Public Housing Director when the executive director of the Lebanon Housing Authority resigned after being threatened by drug dealers for implementing the “One Strike and You’re Out Policy.” OIG met with the U.S. Attorney’s Office, who agreed to prosecute the most violent offenders. Those residents who were arrested will be evicted.

In one case with extremely positive results, Arthur “Popeye” Groves pled guilty to three counts of selling crack cocaine to Campbellsville Housing Authority residents. He sold the drugs from his residence across the street from the development in exchange for stolen goods. As a result of his arrest, the incidence of shoplifting, larceny, and burglaries in the area has decreased dramatically. In total, during this period 60 people were indicted, 6 pled guilty, 6 were sentenced to a total of over 20 years in prison and 24 years supervised release, and nearly 50 pounds of marijuana, 25 grams of cocaine, \$48,400 in cash, over 30 weapons, including assault rifles, 21 pipe bombs, 7 vehicles, 2 50-inch televisions, 1 motorcycle, and 3 sets of scales were confiscated.

Louisiana

In **New Orleans**, the Safe Home Task Force, made up of the ATF, DEA, OIG, USMS, and New Orleans Police Department, made inroads into the drug and violence problem in Housing Authority of New Orleans public and assisted housing properties. The Task Force arrested 163 people and seized 123 grams of cocaine, 621 grams of marijuana, 60 grams of heroin, \$2,866 in cash, 8 weapons, 3 vehicles, ammunition, and drug paraphernalia. In addition to Section 8 areas of the City, these operations took place in the Desire, Melpomene, Florida, St. Thomas, Magnolia, Calliope, Lafitte, and St. Bernard public housing developments.

Maryland

Following a year-long joint investigation in **Baltimore** by OIG and the DEA in and around public and assisted housing, six individuals, who called themselves the *Dome Boyz*, were indicted for conspiracy to distribute heroin. The *Dome Boyz* were an organization that distributed mass quantities of heroin from a site under a gazebo, “the Dome,” behind the Upton Court Apartments assisted housing complex. The organization operated 7 days a week and attracted crowds of 50-100 drug users at a time. The *Dome Boyz* had “look-outs” posted on surrounding street corners to warn of police approaching the area. Through surveillance and information developed via undercover operations, OIG and DEA estimated that the *Dome Boyz* sold approximately 3 bags of heroin, valued at \$300 each, every 10 minutes. Based on these figures, it was estimated that approximately 90 grams of heroin, valued at \$5,400, were sold per hour.

As part of OIG post enforcement efforts in this case, and in coordination with a local community group, the OIG organized a community walk that included community resident leaders, church and government officials, and HUD staff. The walk was the first step in an effort to bring members of the community and government officials together to stabilize public and assisted housing developments through youth programs, substance abuse treatment, community policing, and a resident crime watch program. The Baltimore City Police Department and Housing Authority Police have expressed a willingness to provide additional Officers to monitor the Upton Court area and enforce no trespassing laws.

OIG Agents and Officers from the Annapolis Police Department’s Special Operations Division conducted a number of initiatives aimed at drug trafficking activities in **Annapolis** public housing complexes. To date, OIG participation with the Annapolis Police at 5 public housing communities has resulted in over 90 arrests, the seizure of 32 vehicles and 72 grams of cocaine, and the banning of at least 150 persons from public housing premises. Officials from both the Annapolis Police Department and the Annapolis Housing Authority advise that crime associated with drug trafficking has been reduced substantially as a result of these operations. Police and Authority personnel are in the process of establishing a community oriented policing program aimed at maintaining the demonstrated crime reductions.

Forty-eight people were arrested and 39 arrest warrants were served by OIG Agents and Officers from the **Prince George’s County** Police Department/ Narcotics Enforcement Division (NED) as they concluded “Operation Clean IX.” The joint operation also culminated with the execution of 4 search warrants and the seizure of 23 grams of marijuana, 106 grams of crack cocaine, 9 grams of heroin, \$1,236 in cash, 11 vehicles, and 1 rifle. There are still 34 unserved arrest warrants. The objective of this operation was to aggressively combat street level narcotics trafficking and related criminal activity in public and assisted housing areas in Prince George’s County.

Massachusetts

Worcester has been the scene of numerous Safe Home efforts over the past few years. Most recently, six individuals were arrested after OIG and the Worcester Police Department Vice Squad/Gang Unit executed search warrants at or near public housing complexes. In total, 26 pieces of crack cocaine, 116 bags of marijuana, \$8,200 in cash, and drug paraphernalia were seized. Individuals were

charged with possession with intent to distribute within 1,000 feet of a school, disorderly conduct, assault with a dangerous weapon, and resisting arrest. Where appropriate, the Worcester Housing Authority has been advised of the enforcement actions so they can initiate eviction proceedings.

In **Boston**, Roy Gaul, Kareem Richardson, and Marc Taylor were sentenced as a result of Safe Home efforts by the FBI, OIG, Boston Police Department, and Boston Housing Authority Police. Gaul received life in federal prison without parole for his role in a crack cocaine distribution ring centered in and around the Lenox Street public housing development. Richardson and Taylor, both co-conspirators, received 13 and 10 years in prison, respectively, and 5 years supervised release.

Minnesota

The Thai Lottery Task Force, made up of the FBI, OIG, IRS Criminal Investigation Division, Minneapolis and St. Paul Police Departments, and the Minnesota Department of Public Safety, targeted drugs and crime in public housing developments in **St. Paul**. The Task Force executed 17 simultaneous search warrants at 4 public housing units at the Roosevelt Homes and Mt. Airy Homes in St. Paul and at one scattered site in Minneapolis. The remaining warrants were executed at commercial businesses and private residences. Based on the evidence recovered from these warrants, six additional search warrants were executed on safe deposit boxes at local banking institutions. The warrants were in response to an Asian organized gambling ring operating in and around public housing and local Asian stores. The warrants resulted in the seizure of 12 firearms, a small quantity of opium, more than \$120,000 in cash, and gold, silver, and jewelry valued at approximately \$100,000.

Mississippi

The Gulf Coast High Intensity Drug Trafficking Area Task Force (HIDTA) in **Jackson**, which includes DEA, OIG, USCS, Jackson Police Officers, the Mississippi Bureau of Narcotics, and the Mississippi Highway Patrol, continued to be active during this reporting period. In one especially significant case, 35 individuals were indicted for selling drugs in the Jackson Apartments, a HUD subsidized development. Three of the 35 have since pled guilty and 1 has been found guilty. In addition to the investigation and resulting indictments, the HIDTA Task Force awarded a \$90,500 community empowerment grant to the Jackson Urban League to work with Jackson Apartments residents to revitalize the historically troubled development with parenting classes, homeownership transition opportunities, General Education Diploma classes, and drug counseling. The enforcement phase of this operation was coordinated with the U.S. Attorney's Office, Civil Division, which filed a False Claims Act lawsuit against the former owner of the development for allegedly making false certifications to HUD that Jackson Apartments were in safe, sanitary, and decent condition. The FBI, ATF, Marshals Service, Hines County Sheriff's Office, and the Mississippi National Guard Air Support also participated in this operation.

Following a 6-month investigation by OIG Agents, the Mississippi Bureau of Narcotics, the Yazoo City Police Department, and the Yazoo County Sheriff's Office, 19 individuals were arrested for selling drugs in **Yazoo City** public housing developments. These individuals were the leaders of an organization responsible for distributing the majority of crack cocaine in Yazoo City public

housing. During the arrests, 4 pounds of cocaine, \$51,420 in cash, and 16 weapons were seized, including semi-automatic pistols, revolvers, rifles, shotguns, an illegal saw-off shotgun, and 4 stolen weapons. One of the individuals arrested is a convicted felon and will also be charged on federal firearms violations.

Missouri In **St. Joseph**, the Northwest Missouri Safe Home Task Force arrested 15 individuals for narcotics distribution. The individuals were identified during Safe Home operations focusing on illegal drug activity in and around the Pleasant Heights public housing community and Oak Ridge Apartments, an assisted housing complex. During the operation, cocaine, methamphetamine, and marijuana were purchased by undercover Agents. This Task Force is made up of the OIG, the Buchanan County Drug Strike Force, Missouri State Highway Patrol, and the St. Joseph Police Department.

Two significant operations took place in **St. Louis** during this reporting period. One resulted in the conviction of David Harvey for the sale of narcotics and possession of stolen and illegally altered firearms. He was sentenced to 7 years and 3 months in prison. At the time of his October 1997 arrest by members of the St. Louis Task Force, Harvey was a convicted felon. At that time, he was found to be in possession of 2 sawed-off shotguns, 2 handguns, over 100 rounds of ammunition, over \$13,000 in cash, and 1 ounce of crack cocaine. Two of the firearms were stolen. Harvey was found to be dealing narcotics from his house to customers across the street in the Blumeyer public housing development. He has an extensive record of assault and firearms violations.

The Task Force also arrested three people during the execution of a search warrant at a hotel/boarding house used by several well-known narcotics traffickers from the Clinton-Peabody public housing development. Approximately 2 ounces of crack cocaine with a street value of over \$2,000 were recovered during the operation. An additional \$1,400 in cash was recovered from one of the suspects, along with a 12-gauge shotgun and a revolver. This Task Force consists of the ATF, OIG, and the St. Louis Police Department Mobile Reserve and Narcotics Units.

Nevada Two search warrants were executed at Centennial Park Apartments, a Section 8 project-based housing development in **North Las Vegas**. Two individuals were arrested for possession with intent to distribute narcotics. Over 3 grams of rock cocaine, a small amount of powder cocaine, and cash were confiscated. This Operation Safe Home initiative was conducted by OIG and the North Las Vegas Police Department.

New Hampshire "Operation Streetsweeper" began in January 1995 to target crack cocaine trafficking and violent crime within the City of **Manchester**. During 1998, "Operation Streetsweeper" resulted in the indictment of 71 defendants for federal narcotics violations. During this period, as part of "Operation Streetsweeper 1998," OIG, DEA, ATF, INS, USMS, the Hillsborough County Sheriff's Department, Manchester Police Department, and the New Hampshire State Police executed two federal arrest warrants, charging the defendants with drug violations. Both individuals were unauthorized residents, one at a public housing

development and the other in a Section 8 apartment. One subsidized resident has already been issued a termination letter by the Manchester Housing Authority.

“Operation Streetsweeper 1998” also resulted in the arrest of 1 individual on a felony warrant for escape, the arrest of 2 individuals for dealing drugs from a Section 8 apartment, the execution of 15 federal arrest warrants and 10 state arrest warrants, and the seizure of 3 weapons, over 25 ounces of cocaine, and \$10,000 in cash. Six of the individuals arrested lived in Section 8 apartments; several others lived in and around high density Section 8 neighborhoods or public housing.

New Jersey

Operations by a Safe Home Task Force made up of DEA, OIG, the Monmouth County Prosecutor’s Office, New Jersey State Police, and the **Asbury Park** and **Neptune** Police Departments netted three convictions this period. A federal jury convicted Thomas Weston and Larry Boone for conspiring to distribute cocaine. Both had prior state felony convictions for dealing in cocaine. Curtis Ferris, the third defendant, previously pled guilty to conspiracy and testified for the prosecution. These arrests and subsequent convictions resulted from an extensive Safe Home effort in Asbury Park public housing complexes that culminated in 17 arrests. A fourth individual, Johnnie Davenport, was found guilty of being a “leader of a narcotics trafficking network.” Davenport was a main target in a Task Force operation that concentrated its efforts in Asbury Park/Neptune public/assisted housing areas. Information obtained during the course of the investigation disclosed that Davenport controlled an illegal narcotics operation that was responsible for the introduction of about \$30,000 to \$50,000 worth of narcotics per week into the area.

In another operation, the Task Force arrested 24 people at locations within public and assisted housing identified during undercover operations as “selling sites.” Over \$29,800 in cash and quantities of cocaine, crack cocaine, and heroin valued at \$2,000, \$27,000, and \$12,000, respectively, were confiscated.

OIG Agents and members of the New Jersey HIDTA Group 3 arrested an individual at his public housing residence pursuant to a state arrest warrant. The arrest was based on four undercover narcotics purchases made by Task Force members. These purchases, which amounted to 660 decks (approximately 32 grams) of heroin with a street value of about \$6,500, were all made on public housing property. The investigation also disclosed that the heroin was coming from New York. On the same day, the Task Force intercepted a delivery of 30 bricks of heroin (approximately 75 grams) with a street value of about \$15,000. The heroin was destined for delivery to the individual arrested earlier in the day. When the Task Force intercepted the drugs, two additional individuals, both citizens of the Dominican Republic, were arrested. These two individuals had transported the drugs in the hidden compartment of a mini van.

New Mexico

The **Albuquerque** Task Force, made up of the FBI, DEA, ATF, INS, OIG, New Mexico State Police, and the Albuquerque Police Department, focused its efforts this period on an area known as the “War Zone,” which consists predominantly of public and assisted housing developments. In the first effort, the Task Force executed a search warrant at a well-known crack house. A small amount of crack and two weapons were found. No one was arrested, but an indictment is pend

ing. There were several bullet holes in front of the residence and in various mailboxes at adjacent homes. After execution of the search warrant, several residents expressed appreciation of the efforts to combat drugs and violence in their neighborhood. In the second effort, 10 individuals were arrested for possession and trafficking of narcotics.

Members of the **Las Cruces** Operation Safe Home Task Force executed a state narcotics search warrant at a residence adjacent to the Dona Ana Apartments public housing development. Surveillance had established that an individual was engaged in cocaine trafficking with persons residing in or coming from the Dona Ana Apartments. Over 1 gram of cocaine along with narcotics paraphernalia were seized; the resident was arrested and subsequently charged with possession of cocaine with intent to distribute. This Task Force is made up of the ATF, OIG, Border Patrol, Las Cruces Police Department, and the Dona Ana County Sheriff's Office.

New York

The OIG/Village of **Hempstead** Police Department Task Force has become extremely active in the Village and surrounding areas. Thirty-eight people were arrested during this reporting period and 65 bags of marijuana, 1 ounce of crack cocaine, and 1 weapon were confiscated. The arrests took place at or near local public and assisted housing developments.

Twenty-one individuals were arrested on federal and state drug distribution charges after the **Buffalo** Violent Crime Career Criminal Task Force culminated a 6-month undercover operation targeting drug dealers living in public and assisted housing. Five search warrants were executed, resulting in the seizure of drugs, cash, and a loaded shotgun. Two additional subjects remain at large. In cooperation with the Buffalo Municipal Housing Authority, eviction proceedings will be carried out against several individuals living in public housing. In total, this investigation has resulted in the federal indictment of 27 individuals, 2 for conducting a career criminal enterprise. Twenty-five of the 27 individuals have been apprehended. In addition, 1 kilogram of cocaine, \$16,000 in cash, and a handgun have been seized. The Task Force includes representatives from the FBI, OIG and the U.S. Attorney's Office.

Members of the Freeport Police Department, Nassau County Police Department, DEA, and OIG arrested 12 individuals for selling drugs in **Freeport** public housing developments. A 4-month investigation targeting drug sales in and around the development documented 24 individuals engaged in illegal drug sales of crack cocaine and heroin within the Moxey Rigby apartment complex. Seventeen of the 24 are residents of the complex. All 17 public housing residents will be evicted under the "One Strike and You're Out" policy.

North Carolina

An undercover investigation called "Boiling Point" led to the execution of arrest warrants for 28 individuals for selling drugs in **High Point** Housing Authority developments. The investigation, conducted by the High Point Safe Home Task Force, identified violent individuals, some with previous felony convictions, selling drugs on Authority properties. Previous arrests were for such crimes as assault, rape, robbery, and various weapons violations. The Task Force arrested 15 of the individuals on federal warrants and 12 on state warrants. All

were charged with multiple counts of selling crack cocaine and marijuana either in or within 1,000 feet of Authority properties. Five of the 28 individuals were subsequently sentenced in federal district court on charges of selling drugs in public housing; they received 1,002 months in prison, 540 months supervised release, \$500 in fines, and 2,250 hours of community service. This Task Force consists of the FBI, ATF, DEA, OIG, High Point Police Department, Marshals Service, and the North Carolina State Bureau of Investigation.

In **Burlington** and **Greensboro**, efforts by the Operation Safe Home Task Force, made up of the DEA, OIG, Burlington and Greensboro Police Departments, and the Alamance County Sheriff's Department, resulted in the indictment of 10 individuals for selling drugs in the Tucker Street and Lakeside Apartments public housing developments. Two of the individuals were indicted on federal narcotics trafficking; the remaining were indicted on state narcotics and firearms charges. This Safe Home initiative began in January 1998, when a connection was established between some Greensboro and Burlington low-income housing areas. During the investigation, over 20 firearms and approximately 1/2 kilo of cocaine were purchased during undercover operations. One of the indicted individuals has subsequently pled guilty.

Ohio A drug trafficking operation in **Akron**, called "Operation Avalanche," led to the arrest of 25 people out of 36 charged with drug violations. Twenty-seven individuals were charged with state racketeering felonies and nine others face charges of trafficking in cocaine. The investigation revealed that this drug organization supplied cocaine to the Wilbet Homes public housing development. During the investigation, 1 kilogram of cocaine, 1 ounce of crack cocaine, 20 guns, 200 dosages of LSD, 4 pounds of hallucinogenic mushrooms, 10 vehicles, and \$5,000 in cash were confiscated. Officers and Agents from the Summit County Sheriff's Office, the Springfield Township Police Department, Akron Police Department, Customs Service, DEA, and OIG conducted the investigation.

In **Columbus** and **Zanesville**, the DEA Task Force, comprised of the DEA, OIG, Columbus Police Department, and the Ohio Highway Patrol Drug Interdiction Unit, produced several notable results during this period. In one initiative, the Task Force arrested three individuals for possession and distribution of crack cocaine, which was being transported by commercial airline from Houston, TX. Task Force members confiscated 10 kilograms of cocaine powder with an estimated street value of \$500,000 and \$3,800 in cash that was to be paid to the courier. The cocaine was destined to be distributed in public and assisted housing complexes on the east side of Columbus.

Another operation resulted in the arrest of an individual on federal charges of possession and distribution of marijuana. The arrest was made after information was received from a resident that drugs were en route by vehicle from Los Angeles and were to be distributed in the Short North assisted housing area of Columbus. The Task Force confiscated 100 kilograms of marijuana with an estimated street value of \$250,000. In total, the DEA Task Force operation resulted in 21 arrests and the seizure of over \$80,000 in cash, 2 ounces of methamphetamine, 100 kilograms of marijuana, over 830 ounces of cocaine, over 200 grams of heroin, and 6 vehicles.

As a result of the DEA Task Force investigations, an OIG Agent was awarded a Certificate of Appreciation by the DEA. The Agent was recommended for the award by the Resident Agent-in-Charge of the DEA Columbus Office, and was cited for his contribution to "...the continuing increase of cases and arrests" for drug activity in the Columbus area.

Oklahoma

Operations by the **Oklahoma City** Safe Home Task Force led to one guilty plea of distributing a controlled substance, one six-count indictment on charges of distributing crack cocaine, and one arrest for supplying crack cocaine. The Task Force, made up of OIG and the Oklahoma City Police Department, made several drug purchases in a Section 8 complex from the person who ultimately pled guilty. The person who was indicted allegedly made hand-to-hand narcotics transactions with undercover Task Force Officers. He was charged with distributing over 150 grams of crack cocaine at a Section 8 complex, and was believed to be a major narcotics supplier to the complex. The arrestee regularly supplied crack cocaine to undercover Officers. The arrest is believed to have hit the major supplier of crack cocaine to one of the largest Section 8 complexes in the Oklahoma City area. When arrested, the individual was in possession of \$882 in cash and nearly 3 grams of crack cocaine.

Oregon

The ATF, OIG, **Hillsboro** Police Department Street Crimes Unit, and Westside Interagency Narcotics Team Officers arrested 9 people in public housing developments and seized over 1,800 grams of cocaine, 29 grams of methamphetamine, 2 grams of tar heroin, 30 grams of marijuana, over \$26,700 in cash, 15 weapons, 2 rifle scopes, 18 rifle clips (mostly for assault rifles), holsters, ammunition, 1 smoke grenade, 1 vehicle, a pager, fictitious social security cards, resident alien cards, 9 scales, a surveillance camera, and drug packaging materials.

In **Portland**, the ATF, OIG, and Portland Police Department conducted undercover operations within a Safe Neighborhood Grant (SNG) area that netted three arrests for the sale of suspected crack cocaine. Two of the individuals were juveniles with prior records, one for robbery. This juvenile and his mother have also been suspected of selling drugs out of their Section 8 unit. The second juvenile was previously arrested for selling narcotics during the "Operation Lightning" sweep in March 1998. The third suspect is currently on probation for selling narcotics in Seattle, WA. SNG is a HUD funded grant that focuses law enforcement actions within specific parameters of the local community. Eight multifamily rental properties are SNG partners; they are also implementing the community policing program.

Pennsylvania

The **Pittsburgh** Operation Safe Home Task Force used a state-of-the-art surveillance camera provided by OIG, enabling them to observe and arrest several drug traffickers within the Allequippa Terrace public housing community. Eight persons were arrested for offenses including possession of controlled substances with intent to deliver, carrying a concealed weapon without a license, criminal trespass, aggravated assault, simple assault, resisting arrest, and possession of drug paraphernalia. Task Force members seized 3 semi-automatic weapons, body armor, 2-way radios, cellular phones, pagers, ounce quantities of crack cocaine and marijuana, and \$982 in cash. The Task Force also conducted drug suppres

sion details and arrested five persons, three of whom were carrying concealed weapons at the time of arrest.

In support of the many law enforcement efforts OIG Agents have conducted in Pennsylvania since the inception of Operation Safe Home, during this period OIG participated in various post enforcement efforts. In **Pittsburgh**, in conjunction with HUD's Office of Multifamily Housing in Pittsburgh, OIG sponsored an Operation Safe Home "Drugs and Violent Crime" seminar for Western Pennsylvania assisted housing property managers. The purpose of the seminar was to provide advice, guidance and assistance to property managers on proactive efforts that can be taken, through both administrative and law enforcement mechanisms, to stem the proliferation of crime on their properties, including what steps can be taken to regain control of properties that have already been compromised by criminal activity. OIG and Multifamily Housing representatives will be working with these property managers on an ongoing basis to ensure that residents can enjoy safe and secure environments and that HUD's interests are protected.

OIG and the Pittsburgh Office of Multifamily Housing also sponsored a roundtable discussion among assisted housing property managers, local law enforcement, and district magistrates. Topics included reducing violent crime and drug related offenses at assisted housing communities, procedures for eviction of problem residents, enhanced resident screening procedures, and recommended security improvements.

OIG participated in a public forum and panel in **Fayette County** on the "One Strike and You're Out" policy. Guest speakers included the new Fayette County Housing Authority (FCHA) Executive Director, the Fayette County President Judge, OIG Agents, a Pennsylvania State Trooper, and the FCHA Solicitor. Approximately 70 people were in attendance, including District Magistrates, state and local Police Officers, FCHA management and staff, the general public, and the media. The purpose of the forum and panel was to educate the public on the "One Strike" policy and to forge partnerships between local law enforcement, the FCHA, and the community in an effort to rid public housing of drug related and violent criminal activity.

South Carolina

Six individuals were sentenced in **Spartanburg** as a result of their guilty pleas for distributing crack cocaine in the Spartan Villa, Prince Hall, Phyllis Goins, Woodland Apartments, and Cammie Claggett public housing developments. They received a total of nearly 9 years in prison, 10 years supervised release, and 4 years probation. The sentences resulted from a Safe Home operation in which 80 individuals were indicted on federal drug trafficking charges for selling drugs in Spartanburg public housing developments. In addition to the 80 indictments, the operation resulted in the seizure of \$11,929 in cash, 13 weapons, 265 grams of marijuana, 315 grams of crack cocaine, and over 1 gram of heroin. The OIG coordinated with the local Housing Authority to begin eviction proceedings against all residents involved, as well as termination of Section 8 benefits. To date, 65 of the 80 defendants have pled guilty. The Task Force is made up of the FBI, DEA, ATF, OIG, and the Spartanburg Public Safety Department.

In recognition for exemplary work on this case, an OIG Special Agent in the Southeast/Caribbean District received an award at the Southeast Organized Crime Drug Enforcement Task Force (OCDETF) Conference. The award recognized the Special Agent as the Case Agent for the most significant OCDETF case in South Carolina for 1998, and for the Agent's tremendous efforts at initiating, organizing, and conducting this joint investigation.

Tennessee

Joint investigations by the FBI, OIG, IRS Criminal Investigation Division, Postal Inspection Service, **Memphis** Police Department, Shelby County Sheriff's Office, and the Organized Crime Drug Enforcement and 27th Judicial District Drug Task Forces recently resulted in several prosecutive actions. In a particularly significant case, a federal indictment was unsealed in which 11 individuals were charged under the Racketeering Influenced Corrupt Organization statute for engaging in a continuing criminal conspiracy, possession with intent to distribute marijuana, cocaine, and crack cocaine, and money laundering. The unsealing of the indictment brings to a close a nearly 2-year investigation into the *Jab Blue* organization, which controlled nearly all drug sales in the Fowler Homes, LaMar Terrace, Cleaborn Homes, and Foote Homes public housing developments and adjacent neighborhoods.

In December 1996, *Jab Blue* was infiltrated and over the next 17 months, 42 purchases of marijuana, cocaine, and crack cocaine were made from members of the organization. During the period, over 350 audio and video tapes were made of illegal drug and weapons sales and money laundering. The tapes were made following a court authorized non-consensual monitoring of the business establishment that was being used to conduct the illegal activity. *Jab Blue* had established a legitimate business front across the street from the Fowler Homes development, and maintained various "stash" houses in Fowler Homes, LaMar Terrace, and Cleaborn Homes, and another business front approximately 1,000 feet from Fowler Homes. Over 25 search warrants were executed during the investigation, resulting in the seizure of marijuana, cocaine, and assault weapons. The investigation also led to a major supplier of marijuana in the San Antonio, TX area; four individuals from Texas were named in the indictment.

In November 1998, a plea agreement was unsealed involving a civilian employee of the Memphis Police Department Organized Crime Unit, who pled guilty to five counts of perjury. The employee admitted that over a period of years, she provided sensitive information to the leader of the *Jab Blue* organization. This information included pending search warrants, names of confidential informants, and other sensitive law enforcement information that allowed *Jab Blue* to maintain their control of drug sales in four public housing developments. In early 1998, one of the members of *Jab Blue* was shot to death when drug purchasers attempted to steal drugs from the sellers in a botched "rip-off." The employee provided sensitive information regarding this investigation.

In addition to these actions, 11 individuals pled guilty to drug charges and 2 were sentenced to nearly 25 years in prison and 12 years supervised release. Over \$70,000 in cash was confiscated during Safe Home efforts.

Texas

Forty-two people were arrested and 937 grams of heroin, 737 grams of cocaine, 5,140 grams of marijuana, over \$33,600 in cash, 18 weapons, 5 vehicles, 2 scales, jewelry, drug paraphernalia, and ammunition were seized following initiatives by the **San Antonio** Safe Home Task Force, consisting of OIG and

the San Antonio Police Department. As an example, the Task Force arrested a resident, who is purportedly associated with the *Mexican Mafia Prison* gang, after executing a state narcotics search warrant near the San Juan Homes and Alazan/Apache Courts public housing developments. Surveillance had established that the arrested individual was selling drugs in and near these developments. In addition, another search warrant was executed on a different residence located near these developments; two people were arrested, one of whom is a documented high-ranking member of the *Mexican Mafia Prison* gang and is currently facing federal charges stemming from this investigation. Those individuals arrested were suspected of selling narcotics in or near the San Juan Homes and Alazan/Apache Courts public housing developments.

The EGGHOUSE Task Force (Eliminate Gangs and Guns from Public Housing) has been very active in and around public and assisted housing in the **Dallas** area since Operation Safe Home was initiated. Most recently, the Task Force was responsible for 9 arrests, 1 guilty plea, 2 indictments, 2 sentencing, and the seizure of 1 pound of cocaine, 425 grams of marijuana, 6 pounds of amphetamines, \$3,500 in cash, 13 weapons, ammunition, and various stolen property. One individual was sentenced to 45 years in prison for the shooting death of one of two victims who died in a bloody drug related robbery/homicide at the Greentree Village Section 8 complex in March 1998.

Utah Safe Home Task Force members, including OIG and local law enforcement, executed two search warrants in the **Kearns** public housing complex. The Task Force had learned that one of the units was being used for gang and drug related activities. As a result of the search, drug paraphernalia were confiscated and charges were filed with the District Attorney's Office against two individuals. The Task Force also conducted a buy/bust operation on an individual selling narcotics in and around a Section 8 neighborhood in **Salt Lake City**. The operation resulted in the confiscation of 1-1/2 pounds of marijuana and \$875 in cash. Based on the results of the buy/bust, a search warrant was executed on the individual's residence, resulting in the confiscation of another 1/2 pound of marijuana. While the search warrant was being executed, it was learned that the individual's source of supply was en route to the residence with 2 additional pounds of marijuana. A search of the supplier's vehicle netted nearly 2 pounds of marijuana and \$900 in cash. Two individuals were arrested for distribution of a controlled substance.

Virginia In **Manassas**, Michael Watkins pled guilty to distributing crack cocaine to an undercover OIG Agent. The plea followed enforcement activities conducted by the "Operation Southwind" Task Force, consisting of OIG and Vice/Narcotics Detectives from the City of Manassas and the Prince William County Police Departments. The Task Force focused on major street level drug traffickers who were operating in and around Section 8 units. A jury has suggested an 8-year sentence and an \$8,000 fine. The OIG Agent involved in this case testified in open court under both direct and cross examination.

During the past year, OIG has worked with HUD staff in Richmond, local law enforcement and elected officials, and the management and resident council of the HUD assisted Greenfield Apartments in **Lynchburg** in order to reduce

criminal activity in and around the complex. This collaboration has resulted in a number of changes.

Residents have been issued identification cards along with resident and guest vehicle parking passes. A towing company was hired to remove abandoned vehicles, and the city established no parking zones in and around the complex. These steps have increased management's ability to reduce extended visits or unlawful occupancy by non-residents. Local police now share resident arrest and drug seizure information with management, thereby allowing management to initiate timely eviction proceedings under the "One Strike and You're Out" policy. Management's adoption of this proactive policy has resulted in the eviction of 12 residents since September 1998; 6 additional residents are in the process of being evicted for drug related offenses. Management is also working with local police to obtain criminal record checks of prospective residents and exclude applicants who have prior criminal records. Further, vacant apartments are being provided to local police on an as-needed basis for various investigative purposes.

Washington

Continuing joint efforts in **Seattle** public and assisted housing communities resulted in the arrest of 33 individuals and the seizure of 17 grams of cocaine and drug paraphernalia. In one incident, OIG Agents and Seattle Police Department (SPD) Officers arrested four individuals during Safe Home "knock and talks," emphasis patrols, and a narcotics search warrant execution. One of those arrested was a public housing resident, and one was a HUD assisted resident. SPD Officers recovered narcotics paraphernalia, a firearm, and an undetermined type and quantity of narcotics.

An OIG Agent was honored as the Law Enforcement Officer of the Quarter (summer) by the **West Seattle** Chamber of Commerce. The Seattle Police Department South Precinct nominated the Agent for providing Operation Safe Home assistance at their public and assisted housing sites.

Witness Relocation

OIG continues to work with the Department, local police and prosecutors, and federal, state and local law enforcement agencies in facilitating the relocation of witnesses fearing reprisal for the assistance they provide prosecutors in addressing violent crime occurring in publicly funded housing. During the semianual reporting period, OIG assisted in the relocation of 61 witnesses/families, bringing the total number of families relocated since the inception of Operation Safe Home to 607. A relocation is undertaken at the request of a law enforcement agency, and is supported by the written concurrence of a prosecutor's office.

The witness relocation effort benefited from additional Congressional support when it was granted statutory recognition in the "Quality Housing and Work Responsibility Act of 1998." The Act amended section 8 of the Housing Act of 1937 to provide funding specifically for "...relocation of witnesses in connection with efforts to combat crime in public and assisted housing pursuant to a request from a law enforcement or prosecution agency..." (Public Law 105-276, section 558(E)). Heretofore, witness relocation was funded on a year-to-year basis via various appropriations acts.

Fraud in Public Housing Administration

Since the inception of Operation Safe Home in 1994, OIG has focused significant resources and priorities on detecting and prosecuting fraud in the administration of HUD's Public Housing Programs.

The following reflects the work that was accomplished relating to fraud in Public Housing Program administration during this reporting period and since the inception of Operation Safe Home:

Summary of Results

| Activity | Current Reporting Period | Cumulative to Date |
|-----------------------------|--------------------------|--------------------|
| Indictments | 16 | 143 |
| Plea Agreements/Convictions | 12 | 124 |
| Sentences Imposed: | | |
| Jail | 97 months | 1,213 months |
| Probation | 235 months | 2,908 months |
| Fines/Restitution | \$211,511 | \$2,576,486 |

Florida The former executive director of the **Palatka** Housing Authority was indicted on 10 counts of mail fraud and three counts of embezzlement. The charges relate to personal expenses made on an Authority credit card totaling over \$50,000. Personal expenses charged include visits to nude dancing establishments, jewelry, vacation trips, air fare, restaurants, and hotels. This was an FBI, OIG, and Florida Department of Law Enforcement investigation.

The OIG and the **Jacksonville** Sheriff's Department arrested nine individuals, including seven Jacksonville Housing Authority residents, for stealing equipment from the Authority. The two non-residents were the individuals who purchased the stolen equipment. All the defendants were indicted on state charges for stealing and selling the stolen equipment valued at over \$20,000. The equipment included computers, water heaters, stoves, refrigerators, air conditioners, and other building supplies. OIG Agents and Sheriff's Department Officers observed the defendants buying and selling the stolen equipment and recorded the transactions.

Georgia Angie Nagel, the former executive director of the **Metter** Housing Authority, was sentenced to 18 months in prison, 36 months supervised release, and 200 hours community service, and ordered to pay over \$149,000 in restitution. Nagel embezzled funds that were to be used to renovate Authority units. She embezzled the funds by stealing vendor payments, insurance claim checks, and tenant rental receipts. In addition, she obtained three unauthorized credit cards in the name of the Authority and purchased personal items such as vacations and baseball

tickets. As a result of the embezzlement, for a short time there were no funds available to operate the Authority; this led to the addition of the Authority to HUD's "troubled" housing agency list. This investigation was conducted by the OIG and the FBI.

Kentucky

The former executive director of **Hazard** Housing Authority and his wife, who replaced her husband as executive director, were indicted by a federal grand jury on two counts of making false statements to HUD when certifying that the Authority units met HUD housing quality standards. This is the first time that individuals have been criminally charged for falsely certifying that HUD subsidized apartments met these standards. The defendants were previously convicted of conspiracy to obtain controlled substances and 17 counts of possession of a controlled substance, and were sentenced to 4 months home confinement and 3 years probation. This investigation was conducted by the FBI, Kentucky State Police and Agents and Auditors of the OIG.

Louisiana

The executive director of the **Natchitoches** Housing Authority resigned under an agreement reached with the U.S. Attorney. In addition to the resignation, the executive director agreed to have no future dealings with the Department or any other government entity. The resignation agreement was reached based on an OIG investigation which determined that the former executive director may have been manipulating Authority funds for his personal use and used Authority property to conduct his personal law practice. With the signing of the agreement, pending prosecution has been terminated.

Oklahoma

Richard Foresee, former chairman of the board of the **Shawnee** Housing Authority, was sentenced to 5 years probation, 180 days home confinement, and 204 hours of community service, and ordered to pay over \$3,600 in restitution. Foresee pled guilty in May to one count of false statements. An investigation by the OIG Offices of Audit and Investigation and the FBI disclosed that Foresee and the Authority's former executive director, Jim Drake, falsified documents and schemed to convert Authority money for their personal use. Drake pled guilty and has already been sentenced.

Robin Hatfield, the former executive director of the Caddo Indian Housing Authority in **Anadarko**, pled guilty to one count of theft of federal funds. The plea resulted from a joint investigation by the HUD and Department of Interior OIGs which found that Hatfield, in concert with others, perpetrated a scheme to divert more than \$60,000 in Authority funds for personal use by using false invoices for services never rendered but paid for by the Authority. As part of the scheme, Hatfield's friends and relatives cashed Authority checks, kept a portion of the money, and gave the remainder to Hatfield and/or a friend of Hatfield. Hatfield also allowed an Authority secretary to conduct a similar scheme, which netted \$30,000 in diverted funds. A search warrant was executed by the HUD and Interior OIGs in Fort Drum, NY, resulting in the seizure of a computer that was purchased with the diverted funds. Darrel Burrell pled guilty to participation in the conspiracy. The loss is estimated at \$94,000.

In **Tahlequah**, Joel Thompson, former executive director of the Housing Authority of the Cherokee Nation, was convicted of 19 counts of mail fraud and

2 counts of misapplication of funds. A joint review by the FBI and the OIG Offices of Audit and Investigation led to the conviction based on excessive reimbursement of travel or other claims of over \$81,000.

Pennsylvania

In **Pittsburgh**, the former executive director of the Fayette County Housing Authority was indicted by a federal grand jury on one count of conspiracy to solicit bribes, three counts of defrauding a federal program and one count of destruction of evidence during the execution of a federal search warrant. The indictment followed a 3-year investigation of public corruption in the Authority. If convicted, the individual could receive up to 40 years in prison and fines totaling \$1.2 million, or both. This was a joint investigation by the FBI and the OIG Offices of Audit and Investigation.

Puerto Rico

In **San Juan**, Jose Rios Ramirez and Edwin Rodriguez Tirado, two of three individuals who were indicted on charges of conspiracy to defraud HUD and embezzle from the Puerto Rico Housing Authority, pled guilty. The indictment alleged that an Authority employee approved invoices and made payments to a private management company that manages some of the Authority's developments, made a copy of each check, and then gave a copy to Ramirez and Tirado, who deposited them in bank accounts they had set up in the name of the management company. The amount of funds embezzled exceeded \$1 million. This investigation was conducted by the FBI, OIG, and the Office of the Comptroller of Puerto Rico.

Also in **San Juan**, 5 individuals, including 3 employees of the Puerto Rico Housing Authority and the wife of one of the employees, were charged by a federal grand jury with bribery, conspiracy, money laundering, and theft of over \$1.4 million in Authority funds. The scheme involved a contractor who was to train public housing residents in the establishment of small businesses. In the scheme, the contracting firm, which was owned by two of the defendants, claimed and received over \$1.4 million in payments from the Authority for services not rendered. The scheme involved false claims, forgery of documents, and the disbursement of funds using duplicate supporting documents.

The owner of the firm allegedly conspired with at least three Authority employees and the wife of one of the employees, all of whom received kickbacks from the firm in the form of cash, real estate, and/or vehicles in exchange for approving the false invoices submitted by the firm. The indictment included a forfeiture count for the property and funds traceable to the proceeds from the crime. The investigation was conducted by the FBI and Agents and Auditors of the OIG.

Tennessee

William Coleman III, the former maintenance supervisor for the **Bristol** Housing Authority, and William Blackwell, a contractor, who had previously been indicted on two counts of bribery, pled guilty in federal court. The charges relate to kickbacks paid to Coleman by Blackwell to receive rehabilitation contracts from the Authority. Blackwell cooperated during the investigation and made three controlled payments to Coleman. Blackwell admitted supplying falsified rival bids and paying close to \$30,000 in kickbacks to Coleman, and included his kickbacks in inflated bids over the last 3 years to receive over \$130,000 in contracts with the Authority. This investigation was conducted by Agents and Auditors of the OIG and Officers of the Bristol Police Department.

Texas

Francisco Villegas, a contractor formerly associated with the **Lubbock** Housing Authority, was sentenced after pleading guilty to having knowledge of and failing to report a scheme wherein invoices were falsified and submitted for payment to the Authority. The guilty plea was the result of an OIG investigation that disclosed Villegas' involvement in a scheme with the former Authority Coordinator to defraud the Authority. Villegas was sentenced to 120 days incarceration and 3 years supervised release.

The former Authority Coordinator, Jefferson Grant, was sentenced to 30 months incarceration and 36 months supervised release, and was ordered to pay \$60,000 in restitution. Grant previously pled guilty to one count of theft/bribery from a government program. This included converting Authority materials, labor, and money for personal use.

Additionally, Joe Killgore, one of the co-conspiring contractors, was sentenced after pleading guilty to one count of having knowledge of and failing to report the scheme. Killgore received 120 days incarceration and 36 months supervised release, and was ordered to pay \$15,000 in restitution. This investigation was conducted by the OIG Offices of Investigation and Audit.

The former executive director of the **Pineland** Housing Authority was indicted by a federal grand jury on one count of theft of funds from a federally funded program. An OIG investigation disclosed that the former executive director embezzled rental income from the Authority and used the proceeds to build a personal residence. In addition, she allegedly used Authority checks and credit accounts to purchase home furnishings. OIG Agents executed a search warrant and seized appliances and furniture from the home.

Virginia

Bernard Odems, a former employee of the **Alexandria** Housing Authority, pled guilty to one count of making a false statement for the purpose of influencing HUD. He was sentenced to 30 days in jail to be followed by 4 months house arrest and 1 year probation, and ordered to pay \$33,000 in restitution to HUD. His wife Maggie also pled guilty to one count of conspiring with him to submit a false statement. She was sentenced to 60 days in jail to be followed by 3 months house arrest and 3 years probation. The sentencings followed an OIG investigation into allegations that Maggie Odems, a federal government employee, and her husband defrauded the Alexandria Housing Authority by concealing their true incomes and submitting false statements in order to receive Section 8 rental subsidies for over 5 years to which they were not entitled.

In **Alexandria**, Charlene Walker, a former employee of the Fairfax County Department of Housing and Community Development (FCDHCD), was sentenced to 6 years in prison (5-½ years suspended) and 9 years probation, and was directed to pay over \$29,000 in restitution. In December 1998, Walker was convicted of embezzling funds from the FCDHCD. This was a joint investigation conducted by the Fairfax County Police Department, FCDHCD Fraud Unit, and the OIG.

Equity Skimming in FHA Insured Multifamily Housing

Equity skimming is the illegal use of any part of the rents, assets, proceeds, income or other funds derived from an FHA insured multifamily property for purposes other than to meet actual or necessary expenses. When owners do not pay their mortgages, in addition to the financial losses incurred, the living conditions in the developments generally deteriorate because the funds intended to maintain the individual units and common areas are diverted for unauthorized uses.

Under Operation Safe Home, we have expanded both civil and criminal enforcement opportunities and have streamlined referrals of civil cases to the U.S. Attorneys for prosecution. This has helped speed up the resolution of those cases where we have found equity skimming.

The following reflects the work that was accomplished during this reporting period and since the inception of Operation Safe Home:

| Current Reporting Period | | | |
|------------------------------|-------|---------------------|---------------------|
| Type of Enforcement Activity | Cases | Potential Amount | Repayments Required |
| New Cases Identified | 7 | \$1,081,239 | |
| Cases Settled | 1 | \$175,000 | |
| Cumulative Activity | | | |
| Type of Enforcement Activity | Cases | Repayments Required | |
| Settlements | 95 | \$57,677,217 | |
| Court Judgments | 14 | \$13,259,781 | |
| Criminal Convictions | 23 | \$3,806,342 | |

California

John R. Christian, general partner of Westwood Associates/Lakeshore Financial in **Coalinga**, was sentenced to 5 years probation, 120 days home confinement, and restitution of \$36,921. Christian owned and managed Westwood I Apartments, a 102-unit HUD insured multifamily apartment complex. He skimmed approximately \$100,000 from the project to pay second and third mortgages on personal property and other personal expenses. This was a joint effort by the OIG Offices Audit and Investigation.

Connecticut

Between January and November 1998, the Assistant U.S. Attorney (AUSA) and HUD's Office of General Counsel (OGC) negotiated out of court settlements with 16 limited partners of MillPond Village Apartments, a 360-unit insured project in **Broad Brook**, and collected almost \$226,000 in repayments. The AUSA and OGC have also negotiated an out of court settlement with a general partner for \$170,000. These actions followed an OIG review of the project's financial and operational records to determine if equity skimming existed.

The settlements followed the filing of a complaint against the project owners, managers, and affiliates. The complaint alleged the diversion of project assets

and the payment of legal fees which were not related to project operations. The AUSA and OGC are continuing to negotiate settlements with other limited and general partners.

At the request of the Office of Counsel, HUD Massachusetts State Office, the OIG examined three bank accounts of the West Street Apartments project in **New Haven** to determine the disposition of funds. Our review identified over \$1.87 million disbursed to 103 payees. Payees who received a total disbursement of less than \$750 were not reviewed. Because of inadequate accounting records, we could substantiate only \$195,000 as eligible project related expenses. As a result, we believe \$1.66 million should be considered as a possible diversion from the project.

In our review of this project, we identified over \$347,000 as unauthorized distributions to the owner/management agent, Michael Kantrow. Subsequently, Kantrow and his affiliated company, Premier Management Company, were indefinitely debarred from participating with HUD and throughout the federal government. In July 1998, HUD took possession of West Street Apartments.

Given our prior findings related to this project and its owner, we recommended that HUD seek damages for equity skimming in the amount of \$2,011,365. (Report No. 99-BO-183-1801)

Florida

Lawrence Burt, the former owner, and Marcia Baker, the former on-site manager, of Palm Place Apartments in **Winter Haven**, were each sentenced to 3 years probation, with the first 6 months to be spent in home confinement with electronic monitoring, \$20,000 in restitution to HUD, and a \$50 special assessment. They previously pled guilty to conspiracy to defraud HUD, making false statements to HUD, filing false claims with HUD, using the mail to defraud HUD, and trying to obstruct and impede OIG Auditors by causing project employees to make false statements to them. The defendants admitted that they made false statements to HUD by filing housing assistance payment vouchers claiming subsidies for units that were vacant and that did not meet housing quality standards. They did this by inserting on the vouchers the names of persons who did not reside in Palm Place Apartments and by falsifying inspection reports. This investigation was conducted by the USPS and Agents and Auditors of the OIG.

Georgia

The general partner of Barclay Arms Apartments, a 128-unit HUD coinsured multifamily project in **Marietta**, signed an agreement to settle an equity skimming case for \$175,000, and wire transferred that amount to the AUSA. This action stems from a 1994 OIG review of Barclay Arms. In July 1994, we referred the project owner to the U.S. Attorney's Office for consideration of civil prosecution. We found that the owner inappropriately transferred control of the project to an entity (potential buyer) without HUD's approval. That entity misapplied almost \$123,000 in project funds, and did not provide adequate support for another \$77,000. The misapplied amount included \$30,000 paid to the owner. The entity also concealed some inappropriate payments by incorrectly listing them on monthly accounting reports sent to HUD. In addition, the owner and/or its identity-of-interest agent misapplied over \$20,000 of project funds. After referring these matters, we traced the location of the only individual general partner in the owner entity. The other corporate general partner was insolvent.

We also developed supplemental information about the general partner's assets. In the interim, we obtained debarments against five individuals and/or firms, and the AUSA issued default judgments against four of the same five individuals or firms. This case was reviewed by the OIG Office of Audit with assistance from HUD's Office of General Counsel.

Kansas

James W. Blankenship, a former project owner and management agent in **Kansas City**, pled guilty to one count of embezzling more than \$67,000 from two apartment complexes he managed. An investigation by the FBI and OIG Agents and Auditors found that Blankenship had taken funds for his personal use and to fund other real estate investments. Both developments experienced deterioration during Blankenship's tenure as management agent.

Kentucky

The Reverend George S. White, Jr., the former management agent for Henry M. Greene Apartments, a HUD insured property in **Louisville**, was sentenced to 3 years probation and ordered to pay \$2,000 in restitution after pleading guilty to 2 counts of embezzlement of HUD funds. White was previously indicted for embezzling over \$70,000 from the development. He diverted funds that should have been used to make needed repairs. This investigation was conducted by the OIG.

Maryland

Monte Greenbaum, the former owner of Maryland Property Associates, Inc., a company which managed approximately 1,700 HUD assisted and/or subsidized apartments in Maryland, pled guilty to conspiring to skim \$840,000 of project funds. Between 1993 and 1998, Greenbaum skimmed the accounts of units he managed in **Baltimore, Baltimore County, Cumberland, and Hagerstown**. He used security deposits and HUD funds earmarked for building repairs to make alimony payments to his ex-wife and to deposit in his personal investment account. This investigation was conducted jointly by the FBI and the OIG Offices of Audit and Investigation.

Massachusetts

As a result of a January 1993 OIG audit report, Lorenzo Pitts, Inc. repaid HUD over \$295,000 and repaid 4 HUD insured/subsidized projects it owns and manages over \$137,500. The money repaid to the **Boston** projects was for janitorial services provided but not paid for. The audit disclosed that although an outside contractor performed these services, the management company did not pay the contractor, but instead used funds received from the projects for other purposes.

Alfredo Ribot, the former on-site manager of Marcus Garvey Apartments in **Boston**, was sentenced to 3 years probation, the first 6 months of which is to be spent in home confinement with a monitoring device, and ordered to pay over \$193,000 in restitution and a \$200 special assessment. Ribot was previously indicted and pled guilty to one count of theft of federal funds and three counts of income tax evasion. An investigation conducted by the FBI, OIG, and the IRS Criminal Investigation Division disclosed that Ribot embezzled over \$193,000 in project funds and property and converted them to his personal use.

Mississippi

An OIG audit disclosed that Intervest Corporation, management agent for Eastover Apartments in **Indianola**, inappropriately disbursed over \$116,000 of

Eastover funds. This included ineligible and unnecessary expenses, duplicate payments, and questioned and unsupported costs. Both Eastover Apartments and Intervest Corporation needed to improve management over the project's maintenance operations. The project was allowed to deteriorate to a dilapidated condition and inaccurate Section 8 certificates were provided regarding the condition of the units. Due to the mismanagement of project operations, the project has deferred maintenance and needed improvements exceeding \$900,000.

The audit recommended that HUD enforce administrative sanctions against Eastover and Intervest for violating program requirements, and that HUD require Eastover Apartments, Ltd. to repay the project for all ineligible costs, resolve unsupported costs, recalculate rent subsidies, and reimburse excess subsidy payments made by HUD. (Report No. 99-AT-211-1003)

Missouri

Theodore Derks signed a pretrial diversion agreement, agreeing to repay approximately \$100,000 in funds that he diverted in violation of his management agreement with HUD. The diversions occurred while Derks was acting as a general partner for Briarwood Apartments in **St. Joseph**. Derks also agreed to a voluntary debarment from participation in HUD programs for 5 years. These actions resulted from a joint effort by the OIG Offices of Audit and Investigation.

The former owner of the Rolla Nursing Home in **St. Louis** was indicted on three counts of fraud and submitting false statements to the IRS. This equity skimming/income tax fraud case, conducted jointly by the FBI, IRS, and OIG Offices of Audit and Investigation, involved the former owner's skimming of over \$1 million from the nursing home and subsequent failure to report these earnings. Specifically, the former owner allegedly obtained the money via a lease agreement and used the funds for personal expenses, including a 14,000 square foot house, his divorce settlement, his children's tuition, and the repair of antique vehicles. The indictment also alleges that between 1991 and 1993, the individual's total income was approximately \$350,000; he reported just over \$100,000 to the IRS.

New York

A federal grand jury in **Brooklyn** indicted 3 individuals involved in a \$2 million fraud scheme at the Noble Drew Ali Plaza Apartments (Noble Drew). Two of the three individuals were principals of the former owner of Noble Drew, Linden Realty Associates. The third individual was the son-in-law of one of the principals. They were charged with conspiracy to commit program fraud, program fraud, conspiracy to commit money laundering, and money laundering. All three individuals were arrested without incident, and were arraigned in the Eastern District of New York. One of the defendants was released on a \$500,000 bond; the other two were released on \$250,000 bonds. The OIG Offices of Audit and Investigation conducted this review.

Texas

Lewis R. Wallace, a former general partner and management agent of The Village of **Kaufman** Apartments, Ltd., was sentenced to 27 months in prison and 3 years supervised release, and ordered to pay over \$698,000 in restitution. A joint effort between the OIG Offices of Audit and Investigation disclosed that Wallace converted project funds for his personal use.

A Federal Judge in **Houston** sentenced HJZ, Inc. and Zieben Interests, Inc., management agent corporations owned by Herbert J. Zieben, to 4 years probation, payment of \$82,000 in restitution, payment of \$1.4 million per the agreed upon civil judgment, and a special assessment of \$200 each. As a condition of probation, the corporations must make their financial records available to the U.S. Probation Office. The corporations were management agents for four multifamily projects and one mobile home project owned by Herbert J. Zieben. The corporations pled guilty to one count each of equity skimming from the projects. Zieben, as a individual, is also subject to the \$1.4 million agreed upon civil judgment. These actions resulted from a joint OIG Audit and Investigation effort.